

**Carl Moyer Air Quality Standards Attainment Program
Audit Report**

**Sacramento Metropolitan Air Quality Management District
Fiscal Years 2002/2003 and 2003/2004**

**Prepared by:
Mobile Source Control Division
Air Resources Board**

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Executive Summary

The Carl Moyer Air Quality Standards Attainment Program (“Carl Moyer Program” or “Program”) is a voluntary grant program that funds the extra capital cost of cleaner than required vehicles and equipment in order to reduce air pollution. The Carl Moyer Program is implemented through a partnership between the Air Resources Board (ARB or the Board) and the 35 local air districts. The ARB distributes state funds to local districts, develops statewide guidelines, and has oversight responsibility. The air districts select and pay for clean air projects in their local area that meet the requirements of the Health and Safety Code and the statewide guidelines. Districts also provide local match funds and resources to administer the Program.

The Sacramento Metropolitan Air Quality Management District’s (SMAQMD or “District”) is responsible for air quality in Sacramento County. The SMAQMD administers the Carl Moyer Program for all the districts in the Sacramento Federal Ozone Non-attainment Area which includes the Yolo-Solano Air Quality Management District, the El Dorado County Air Quality Management District, and the Placer County Air Pollution Control District. Sacramento region’s air quality does not meet federal or California health-based standards for ozone (smog). Emission reductions from the Carl Moyer Program are reflected in the region’s federally required State Implementation Plan – their road map for describing how the region will achieve healthful air.

Over the past eight years, ARB has provided the Sacramento region with over \$21.5 million in Carl Moyer Program funds. The SMAQMD has leveraged the state dollars with \$7.4 million in local funds. The majority of the region’s Carl Moyer Program funds have been used to pay for new cleaner replacement engines for agricultural pumps and construction equipment. To date, all of the Carl Moyer Program funds from Years 1 through 7 have been obligated (promised to projects by contract). The Carl Moyer Program funds from Years 1 through 6 have been expended on projects and have funded 1,059 cleaner engines, reducing smog-forming nitrogen oxides (NO_x) emissions by 3,169 tons and diesel particulate matter (PM) by 130 tons over the life of the projects with an average cost-effectiveness of about \$6,700 per ton of NO_x.

As part of ARB’s oversight authority, ARB staff audited the SMAQMD’s implementation of the Carl Moyer Program to ensure compliance with state law and ARB’s applicable program guidelines. The audit focused on the 2002/2003 and 2003/2004 fiscal year funds (Years 5 and 6, respectively). ARB staff also reviewed the District’s implementation of fiscal year 2004/2005 and 2005/2006 (Years 7 and 8, respectively) funds to determine whether the District is complying with the requirements of the expanded program and the 2005 Carl Moyer Program Guidelines approved by the Board in November 2005.

The audit found that the District implements an efficient and effective Carl Moyer Program that for the most part meets the requirements of the Health and Safety Code and the applicable Carl Moyer Program Guidelines. As a result of the

audit, ARB is making four findings that require action from the District. These findings are limited to administrative issues which the District has agreed to rectify. All projects reviewed during the audit met eligibility requirements and achieved real emission reductions in a timely manner.

The District is frequently at the forefront of improvements to the Carl Moyer Program and pioneered many of the administrative enhancements in the 2005 Guidelines, such as pre- and post- inspections and scrapping of the old engine. The District's success can be directly linked to their long term commitment to the Program. The District subsidizes the administration of the Program and leverages staff and outreach from locally funded incentive programs to ensure a high level of customer service and quality assurance. In addition, the District has served as a resource for other local districts by providing advice and mentoring.

I. Background

The Carl Moyer Program is a grant program that funds the incremental cost of cleaner-than-required engines, equipment, and other sources of pollution providing early or extra emission reductions. The Carl Moyer Program can also accelerate the development and commercialization of advanced emission control technology, accelerate the turnover rate of old equipment to newer and cleaner equipment, and help reduce costs to the regulated community. The Carl Moyer Program is implemented by a partnership of ARB and local air districts. The local districts have the responsibility of implementing the local Carl Moyer Program by soliciting applicants and selecting, funding and monitoring projects, while the ARB has the responsibility of overseeing the statewide program to ensure funds are expended as required by the Health and Safety Code and the Carl Moyer Program Guidelines (www.arb.ca.gov/msprog/moyer/guidelines/current.htm). ARB has the authority to audit each district's implementation of its local Carl Moyer Program to ensure funds are expended as required. In addition, the audits provide ARB with a mechanism for identifying potential improvements to the statewide program.

The ARB's audit of the SMAQMD's Carl Moyer Program satisfies the requirements of Health and Safety Code section 44291 with regard to ARB's audit responsibilities. While the SMAQMD has administered the Carl Moyer Program since the Program's inception, this audit focuses on Year 5 and Year 6 projects that the District paid for with Proposition 40 funds, California's Clean Water, Clean Air, Safe Neighborhood Parks and Coastal Protection Act (Public Resources Code section 5096.650). ARB reviewed the District's program for Years 5 and 6 to determine if the District followed the Health and Safety Code as well as the 2003 Carl Moyer Program Guidelines, the required Guidelines for these two program years.

This audit also reviewed the status of the District's implementation of Year 7 and Year 8 funds. These years mark the expansion of the Carl Moyer Program, when SB 1107 and AB 923 went into effect and the Program experienced a significant influx of funding. Although Years 7 and 8 funds are not required to be fully expended until June 30, 2007 and June 30, 2008, respectively, ARB staff reviewed the implementation of these funds to evaluate the impacts of the expanded program and the 2005 Carl Moyer Program Guidelines.

Staff from both the ARB and SMAQMD participated in this audit. The ARB audit team included ARB management - Jack Kitowski, Edie Chang, Lucina Negrete, and John Kato - and ARB's Carl Moyer Program staff - Johanna Levine (district liaison to SMAQMD), Bruce Tuter, Elise Keddle, Dave Salardino, Stacey Dorais, and Nicole Kemena. The ARB audit team wishes to thank the participating SMAQMD management and staff - Larry Greene, Larry Sherwood, Mike Neuenburg, Colleen O'Hara, Gary Bailey, Mike Sinkevich, Sandy Rosemont, Margaret Jordan, Joanne Chan, Roger Borkenhagen, and Patrick Robinson.

II. Audit Procedure

ARB's audit of SMAQMD's Carl Moyer Program was conducted in two phases:

1) a desk review and 2) an on-site review. The desk review began on May 15, 2006 and the on-site review began on June 26, 2006.

The desk review included a review of the District's application, policies and procedures, contract language, outreach, and selection process of projects for Years 5 and 6.

During the desk review ARB staff also analyzed the District's implementation of the expanded Carl Moyer Program by reviewing the same documents for Years 7 and 8.

The following documents were reviewed to determine if the District is following the new administrative procedures with their Year 8 funds as required in the 2005 Carl Moyer Program Guidelines:

- Annual Reporting Survey
- Engine Inspection Forms
- Boiler Plate Contract Language for Year 8 projects
- District Application

The desk review also included selecting a sample of Carl Moyer Program projects for the file review that would take place as part of the on-site review. The sample was taken from projects that were paid for with state funds and District local match funds under the Carl Moyer Program and included:

- Seven Year 5 projects representing projects in the on-road, off-road, and agricultural pump source categories, and one infrastructure project (funded with match funds)
- Eight Year 6 projects representing projects in the on-road, off-road, and agricultural pump categories and one additional on-road project (funded with match funds). One project was partially funded with funds from Year 5 and Year 6 and another was partially funded with funds from Year 6 and Year 7.

While at the District's office, ARB staff randomly selected four additional projects: one to verify that the District's files were maintained consistently, one to evaluate the district's implementation of Year 7 funds, and two Year 8 projects to assess the District's implementation of the additional requirements in the 2005 Carl Moyer Program Guidelines.

The ARB audit team completed a review of the program and fiscal files for these 19 projects. Field visits were only conducted for the 15 originally selected projects. To provide District staff with sufficient time to set up the field visits, ARB staff notified District staff of the 15 originally selected projects on June 20, 2006. Attachment 1 contains a list of the sampled projects reviewed.

During the on-site review, the ARB audit team also reviewed fiscal files to document the District's practices for processing payments and for tracking and expenditure of in-kind match and earned interest.

The results of this audit are presented below. Section III provides a description of the SMAQMD's implementation of the Carl Moyer Program. Section IV includes a description of the District's commendable efforts. Section V outlines recommended program improvements for the District's continued success. Section VI provides the findings, conditions and required actions based on the ARB audit team's review of the District's files and project site visits. "Findings" are brief descriptions of practices that are inconsistent with state requirements under the Carl Moyer Program Guidelines and/or the District's written policies and procedures, including its contract with the engine owners. "Conditions" are more detailed descriptions of the practices the ARB audit team observed during the audit period. "Required Actions" are the minimum actions the District must take to remedy the findings. The District must respond to the findings detailed in Section VI within 30 days of notification, but may respond to any recommendation provided in this report.

III. SMAQMD's Implementation of the Carl Moyer Program

The SMAQMD manages the Carl Moyer Program for the Yolo-Solano Air Quality Management District, the El Dorado County Air Quality Management District, and the Placer County Air Pollution Control District, providing all match funds and administration. Over the eight years of implementing the Program, the District has developed strong, professional relationships with local engine and vehicle dealers who provide outreach to the engine owners. The District uses the Internet to provide additional outreach, making their application and policies and procedures available for download from the District's web page at all times. The District also includes information on the Carl Moyer Program in its Clean Technology Forum (circulation over 3,400) which includes everyone who has applied for funding in the past and anyone who requests to be added to the distribution list. The District also organizes presentations on new technologies, ARB rules, and incentive funding through their Clean Technologies Forum workshops and other meetings.

The District administers their program on a first-come-first served basis with no quotas or set aside allocations for particular source categories. Applications are accepted on a rolling basis; if the District has run out money for the current fiscal year they will hold applications until they receive the next grant award from ARB. The District operates its Carl Moyer Program in conjunction with their locally funded Sacramento Emergency Clean Air and Transportation (SECAT) program, sharing staff and outreach efforts. This provides additional resources to the Moyer Program. The District's Carl Moyer Program funds are spent mainly on agricultural equipment, agricultural pumps, and off-road projects and the SECAT funds are spent primarily on on-road heavy-duty diesel vehicles.

To keep their incentive programs streamlined, the District uses one application and contract for both the Carl Moyer Program and SECAT. Once the District receives an application, staff checks the application for completeness, determines project eligibility, calculates each project's cost-effectiveness, and conducts a pre-inspection. The District provides funding based on operation within the five county Sacramento Federal Ozone Nonattainment Area and funds the full incremental cost of the project if it meets the cost-effectiveness limit. The Air Pollution Control Officer has authority to sign contracts for participants whose total Moyer funding is less than \$250,000; for participants whose total funding (over all years) is \$250,000 or greater, District staff must present the contracts to SMAQMD Board of Directors for approval.

AB1390 (Firebaugh) requires that 50 percent of Carl Moyer Program funds in districts with a population of more than one million are spent in environmental justice areas. The SMAQMD uses U.S. Census Bureau census tracts to geographically define AB 1390 qualifying areas. The District assumes Moyer all funds allocated to the District are subject to the requirements of AB 1390 and identifies qualifying census tracts in all air districts for which they administer funds. Qualifying areas are those that meet the District's definition of a low-income community or a community of color, or an area within 1,000 feet of a qualifying area. The SMAQMD assumes that all qualifying areas suffer a disproportionate impact by either regional or localized pollution because ozone is a regional pollution problem and high ozone levels may occur many miles downwind from the pollution source. In Years 4 through 6, approximately 60 percent of the SMAQMD's Carl Moyer Program allocation was spent in AB1390 qualifying areas. The SMAQMD's guidance for implementing the requirements of AB1390 and qualifying areas may be found at <http://www.airquality.org/mobile/moyer/AB1390overview.shtml>.

When projects are completed, the engine owner submits a request for payment and an itemized invoice to the District. District program staff review the invoice to ensure the project is complete and invoiced as required and the inspection staff conducts a post-project inspection. District Carl Moyer Program staff approve the invoice for payment and submit a request for payment to the fiscal staff. District fiscal staff review the request for payment, process the request for payment and submit the request electronically to the county auditor-controller for payment. In addition, the fiscal staff submits to the county auditor-controller an accounts payable transmittal, an original invoice (or certified copy), and a copy of the contract.

The District requires annual usage reports from participants and fulfills this requirement by sending out mileage and hour meter usage surveys to engine. These surveys are sent out a minimum of once per year. Engine owners who fail to return the survey are flagged by the District for an on-site audit of the project. The District's contract has specific payback terms based on cumulative usage over the life of the project and the District has pursued action against engine owners for noncompliance.

In the 2005 Guidelines, ARB strongly encourages districts' solicitations of Year 8 and future funds to expand and document outreach and obligation to zero-emission, small business and environmental justice projects (section V.A.). SMAQMD is working with

Pacific Gas and Electric to replace diesel agricultural pumps engine with electric motors. To date, the District has 47 diesel agricultural pump replacements under contract. In addition, the District has the ability to fund electric forklifts. The District treats all companies regardless of size the same and does not actively solicit applications from small business. District staff do work directly with applicants assisting with the application process making it easier for small businesses to participate. In addition, many of the dealers that the District works closely with also provide assistance to owner-operators and small fleets. ARB encourages the District to institutionalize these efforts in the District's policies and procedures manual as well as to document these efforts in its program files for each fiscal year.

In July 2004, ARB conducted a monitoring of the SMAQMD's Year 5 Carl Moyer Program. The results of this monitoring showed that the District used its funding productively, provided adequate outreach, and processed applications in a timely manner. As a result of this monitoring, ARB requested that the District make several improvements to their program: 1) documentation of the District's 15 percent in-kind match, 2) maintain Proposition 40 funds in a separate account from all other Moyer money, 3) not to make final payment on projects prior to installation, and 4) documentation that the applicant was notified of incomplete application within 5 days of receipt as required by the Health and Safety Code section 44288(a). Program improvements recommended to the District included committing their policies and procedures to paper and improving documentation of project eligibility, inspections, and qualifying of environmental justice projects in the hard copy project files. The results of this audit confirmed that the District has made headway in almost all of the required and recommended improvements except for notification of incomplete application within 5 days of receipt and documentation in the project files.

For Years 1 through 6, the SMAQMD funded 1,059 engines, utilizing over \$12.7 million of Carl Moyer Program funding. The ARB estimates these projects will reduce NOx emissions by 3,169 tons and PM by 130 tons over the life of the projects. SMAQMD leveraged the Years' 1 through 6 Carl Moyer Program funds with over \$5.4 million of District match. Through Year 8, the SMAQMD has been allocated a total of \$21.5 million in Carl Moyer Program funds leveraged with over \$7.4 million of District match.

IV. Commendable Efforts

The commendable efforts included in this section are noteworthy accomplishments by the District. Commendable efforts are exceptional practices that should serve as a statewide model for the Carl Moyer Program.

A. Quality Assurance/ Quality Control

SMAQMD is dedicated to quality assurance and quality control. The District's process for expending funds ensure that projects, from application to final payment, are examined by several staff and checked for eligibility, completeness, correctness. The

District has developed a comprehensive database which allows the district to track project status, calculate cost-effectiveness, and streamline the project management process. The District employs project engineers whose responsibilities are to review applications and approve projects for funding and inspection staff who are responsible for conducting pre- and post-inspections. This division in project duties provides an additional level of protection from fraud. The fiscal staff verify that funding amounts, invoices and contracts match prior to transmitting request for payment to the county auditor-controller. In addition, in response to the ARB monitoring in 2004, the District has set up separate accounts for each funding cycle to account for each years funding separately. To accomplish this level of quality control, the District has dedicated significant resources to the Program.

B. Leading Program Refinements

In a number of instances SMAQMD is at the forefront of implementing refinements to the Carl Moyer Program that are exceptional and go beyond the requirements in the Carl Moyer Program Guidelines. The SMAQMD implemented pre- and post-inspections of projects prior to the addition of the requirement in the 2005 Carl Moyer Program Guidelines. In addition, SMAQMD required destruction of the baseline engine or participation in an approved remanufacture program prior to the scrap requirement in the 2005 Carl Moyer Program Guidelines. These efforts were documented by including inspection forms in the project files and by taking photos. The District implemented this requirement to ensure reductions obtained were real, and old engines were no longer operated in California. The District has also required annual reporting by applicants and has included a payback provision in their contracts since Year 1.

C. Timely Obligation and Expenditure of Allocation

SMAQMD has made a concerted effort to obligate and expend their funds within the required timeline and is almost always successful. Districts are required to obligate funds to projects by June 30 of the first year and expend funds by June 30 of the second year. Based on ARB's review of SMAQMD's process for expending Years 5 and 6 Carl Moyer Program funds, the District is able to acquire applications, select, and pay for projects in a timely manner. On average, SMAQMD takes approximately 4.5 months to enter into contract with an applicant after the application is submitted. On average the District takes an additional 2 months to expend its funds with invoices authorizing project payments. It typically took 40 days from the District's receipt of the engine owner's request for payment to the date the District staff approved payment. SMAQMD is making similar progress with their Years 7 and 8 Carl Moyer Program funds.

D. Timely Reporting

Districts are required to submit annual reports to ARB to show obligation of funds to projects by June 30 of the first year and final reports that show expenditure by June 30 of the second year. The SMAQMD makes a strong effort to submit complete annual

reports to ARB by the June 30 annual deadline and frequently submits its final reports to ARB ahead of the required deadline.

V. Recommendations for Future Program Improvement

SMAQMD should consider improving the current implementation of the Carl Moyer Program as noted below. A number of these improvements are required starting with Year 8 funds as noted in the corresponding 2005 Guidelines section which are cited in parenthesis. These recommendations do not require a response from the District, although the District may comment on the recommendations in the District's written response.

A. Documentation in Project Files

1. *Project Eligibility*

During the audit ARB staff observed that the hard copy project files did not consistently include project eligibility information such as cost-effectiveness calculations, documentation of inspection, and environmental justice analysis. The District was able to provide the information upon request. Beginning with Year 8, districts are required to maintain documentation in each of the Carl Moyer Program project's hard copy files of the project's eligibility verification and compliance with program requirements (sections V.D.2 and V.E.). As a result of the audit, the SMAQMD is implementing a functional check sheet to verify that each file contains all necessary documentation. The District has developed operating procedures for storage of digital files and should include the file address for all digital files in the hard copy project file. The District may include their protocols for naming and storage of electronic files in their policies and procedures manual in lieu of identifying file addresses in each hard copy project file.

2. *Itemized Invoices*

The District receives itemized invoices with the request for payment from participants. It is unclear which items on the invoice the District pays for with Carl Moyer Program funds and which are the responsibility of the applicant. ARB recommends that the District include a clear delineation of the costs reimbursed with Moyer funds and include in their policies and procedures manual their process for making this delineation.

3. *Annual Reports*

The District sends out annual usage surveys to participants and enters the equipment activity into their database. The District retains the hard copy reports in a separate file organized by year and sorted alphabetically. ARB recommends that the District include this process in their policies and procedures manual. In accordance with the 2005 Carl Moyer Program Guidelines, the District should keep the hard copy reports for three years beyond the term of each project's contract.

4. Case-by-case approval

During the audit, ARB staff reviewed one project file that required a case-by-case approval from ARB. The project file included no documentation of prior approval from ARB and did not include the documentation to substantiate the request for case-by-case evaluation. The District was able to provide documentation to validate the case-by-case approval and ARB was able to confirm approval through an email string. In the future, the District should maintain the written approval of case-by-case projects from ARB and the supporting documentation in the project file for all projects that require a case-by-case approval.

B. Tracking of Interest

The District was able to document the interest earned on Moyer funds for Years 5 and 6 as \$43,867.38. The District must determine interest earned on all Moyer funds starting with Year 1 up through Year 8 and provide a plan to ARB on how these funds will be spent in accordance with section VI.E.3 of the 2005 Guidelines. The ARB recognizes that the District's process for determining interest earned on Moyer funds is very staff intensive and time consuming. The ARB recommends that the District set up a separate account with the County of Sacramento so that future Moyer funds can be accounted for separately from other District funds.

C. Invoicing Prior to Contract Execution

During the audit, ARB noted two project files where the itemized invoice was dated prior to full contract execution. Beginning with Year 8, districts are required to include language in their contracts requiring that no work may begin on a project until the contract is fully executed (section VII.B.1); this was not prohibited in Years 5 and 6. ARB recommends that for future projects the District integrate sufficient checks to ensure that work has not begun prior to contract execution.

VI. Findings, Conditions and Required Actions

This section specifies findings, conditions and required actions as a result of ARB's review of SMAQMD's Carl Moyer Program. "Findings" are brief descriptions of practices that are inconsistent with state requirements under the Carl Moyer Program Guidelines and/or the District's written policies and procedures, including its contract with the engine owners. "Conditions" are more detailed descriptions of the practices the ARB audit team observed during the audit period. "Required Actions" are the minimum actions the District must take to remedy the findings. The District must provide ARB with a written response to required actions by submitting a plan to remedy the respective findings listed below or will be "at-risk" as defined in section XI.B. of the Guidelines. The District's written response must be submitted to ARB within 30 days of notification of the findings.

Finding 1: No documentation of notification of incomplete application.

Condition: In files with incomplete applications, there was no documentation of the District informing the applicant that their application was incomplete. The notification of an incomplete application must be dated within five days of receipt of the application [Health and Safety Code section 44288(a)].

Required Actions: The District must include documentation in the hard copy project file of actions taken to notify an engine owner that their application is incomplete. The 2005 Carl Moyer Program Guidelines state that this notification must be in writing (section V.D.1) and must clearly state what is required to make the application complete. The District has agreed to send boiler plate letters to the applicants who submit incomplete applications and will provide the template in their policies and procedures manual.

Finding 2: Minimum contract requirements for projects funded with Year 8 funds were not included in the District's new contract.

Condition: The contract template language (between the District and engine owners) used to obligate Year 8 funds, does not include a number of the minimum requirements outlined in the 2005 Carl Moyer Program Guidelines. The specific requirements that were not included in the boilerplate contract are outlined below with the Guideline citations in parenthesis.

- Specifically stating that no work may begin until the contract is fully executed (section VIII.B.1.)
- Payment terms requiring itemized invoices for all source categories and project types and clarifying that payments shall be made directly to the engine owner only if the invoice has been paid and the payment is a reimbursement (section VIII.C.2.)
- A disclosure of funds statement for the owner to complete and sign (section VIII.C.3.)
- Statement in contract requiring a working hour meter for the term of the contract (section VIII.E)
- Statement requiring the participant submit annual reports to the District (section VIII.K)

During the audit period the District agreed to make the first four changes to the contract language. The District's policy of requesting the annual report information from the participant at a minimum of once per year is functionally equivalent to the contract reporting requirements missing in the last bullet. The District has agreed to document this policy in their policies and procedures manual.

Required

Actions: Revise the District's current boilerplate contract used to obligate the Year 8 Carl Moyer Program and match funds to include all of the minimum requirements in the 2005 Guidelines. Submit a revised copy of the boilerplate contract to the ARB. Amend the Year 8 contracts that have already been executed to include all of the minimum requirements. The District's written response should include a timeline for completing these required actions. Upon completion, the District shall provide the ARB with written notification of completion.

Finding 3: Minimum application requirements were missing from Year 8 applications.

Condition: The District's Year 8 applications were missing some items required in the in the minimum application requirements of each source category in the 2005 Carl Moyer Program Guidelines. These items include, but are not limited to, percent operation in California, percent operation in District, ARB Executive order number or engine family, project life, name of person filling out application, and several items specific to particular source categories.

Required

Action: The District uses the same streamlined application for almost all of the incentive projects as a pre-screening tool to determine project viability and does significant follow up with the applicant and engine dealers to retrieve additional information specific to each project. The District has proposed to use a supplemental application form for unique projects. For those projects with equipment that are subject to an ARB in-use regulation, the District should incorporate a check sheet to verify project eligibility as part of the supplemental application. ARB is requiring the District incorporate the following items on their application:

- Percent operation in California
- Name of person who filled out application
- For electric agricultural pump projects: Applicant participating in the Ag ICE program and/or currently under Moyer contract

In addition, ARB is requiring that the District have available in their hard copy project files all information requested in the specific minimum application requirements for each source category.

Finding 4: The District did not follow all of its contract requirements for Years 5 and 6 projects.

Condition: The District's boilerplate contract language for Years 5 and 6 included requirements that went beyond the 2003 Carl Moyer Program Guideline requirements. However, the District did not always follow these requirements.

1. Annual Reporting

The District sends out annual usage summary reports for participants to fill out and return to the district in lieu of applicants submitting the annual reports. The District did not request all the information participants are required to submit in the annual reporting requirement of the contract.

2. Disposition of old engine

For repower projects the District contract required documentation of the disposition of the old engine, either by transferring to a factory authorized remanufacture program, destroying the old engine and allowing for inspections, or some other District approved method. Several files did not include this documentation.

Required
Actions:

In future contracts the District is requiring the participant to maintain records adequate to document this information and the District may request all or some of this information at any time during the term of the contract. The District shall maintain documentation of the disposition of the old engine(s) in the District's hard copy file for future projects.

ATTACHMENT 1

Sacramento Metropolitan Air Quality Management District 2006 Carl Moyer Program Audit List of Projects Reviewed

Contract Number	Project Name	Source Category	File Review	Site Visit
Year 5				
VET-02-0182	County of Sacramento	Infrastructure	X	X
VET-03-0247-A	Rescue Union School District	On-road	X	X
VET-03-0259	Phil Reome, Inc.	Off-road	X	X
VET-03-0266	Fong Farms	Ag pump	X	X
VET-03-0311	Bullseye Farms	Ag pump	X	X
VET-03-0320	Dan Meier Farms	Ag pump	X	X
VET-04-0005	J.H. Meeks & Sons	Ag pump	X	
VET-04-0015	Knaggs Farming Company LP	Ag pump	X	X
Year 6				
VET-03-0114	Elk Grove Unified School District	On-road	X	X
VET-04-0046	J.H. Meeks & Sons	Ag pump	X	X
VET-04-0058	AWR Partnership	Ag pump	X	X
VET-05-0012	Raminder Mains	Ag pump	X	X
VET-05-0022	Joe Muller & Sons	Off-road	X	X
VET-05-0037	F.C. Allen LTD*	Off-road	X	X
VET-05-0065	Tigerlines LLC**	On-road	X	X
VET-05-0083	Teichert Construction	Off-road	X	X
Year 7				
VET-06-0051	Button & Turkovich	Ag pump	X	
Year 8				
VET-06-0058	Klein Farms	Ag pump	X	
VET-06-0106	Daniel B. Hrdy	Ag pump	X	

* funded with year 5 and year 6

** funded with year 6 and year 7